

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 723 - SB 718

April 1, 2011

SUMMARY OF BILL: Requires all health insurance policies to cover inpatient and outpatient dental, oral surgical, and orthodontic services that are medically necessary for the treatment of medically diagnosed cleft lip, cleft palate, or ectodermal dysplasia for covered children. Benefits will be subject to annual deductibles and co-insurance that are no greater than the annual deductible and co-insurance established for all other similar benefits within the policy or contract. Exempts the TennCare program from the provisions of the bill.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Increase Local Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will result in an increase in the cost of health insurance premiums for plans that do not currently cover these services for children we medically necessary. Any increase is estimated to exceed \$50,000.

Assumptions:

- According to the Department of Commerce and Insurance, any costs incurred to review and approve additional forms, policies, certificates, and contracts to ensure compliance will not be significant and can be accommodated within existing resources without an increase appropriation or a reduced reversion.
- According to the Department of Finance and Administration, the state sponsored public sector plans currently provide benefits for these services.
- The Cover Tennessee health plans are statutorily exempt from the mandated benefit requirements.
- It is unknown the exact number of local governments that provide health insurance coverage for employees that do not opt into the state sponsored public sector plans. Based on the results of the Fiscal Review Committee's 2009 Local Survey results, most counties that responded to providing health coverage did so through a major private company. According to their websites, the major health insurance plans in the state offer these benefits when medically necessary. It is assumed that there will not be a significant impact to local government because the plans will provide benefits for these services.

- Private health insurance impact: Private health insurance companies that do not currently provide benefits for these services will incur an increase in costs to offer the mandated benefit. It is assumed that the increase in costs will shift to the enrollees through increased premiums. It is estimated that any increased premium rates will exceed \$50,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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